

Submitter: Jonathan Raz
On Behalf Of:
Committee: Senate Committee On Housing and Development
Measure: SB611

Dear Chair Jama and Committee Members:

I am a landlord in Portland, Oregon and rent two well-maintained, moderately priced properties to tenants with whom I have a direct personal relationship. I write in strong opposition to SB 611, which will do more to exacerbate the housing crisis in the State, rather than protect tenants.

Governor Kotek and members of the Legislature have pledged to increase the production of housing in Oregon. The draconian rent caps proposed under SB 611 completely contradict that stated goal, given the chilling effect that it would have on residential property-related investment in the State.

With SB 611, landlords would bear the brunt of holding costs that continue to surge at a rate of more than 10% year over year. Most notably, Covid, supply-chain disruption, and other related issues have collectively led to an increase in the cost of (i) property and casualty insurance, which ensures that unforeseen damage / losses are covered and that a damaged property can quickly be made habitable again for tenants in need, and (ii) ordinary-course repairs and capital improvements, which ensure that housing is well maintained and tenants can live with comfort and dignity.

It is neither rational nor fair to expect landlords to bear these costs entirely without a proportionate increase in rent that reflects real inflation, and not an artificially imposed cap. If SB 611 is passed, the Legislature cannot reasonably expect for rational, prospective landlords to build in the State. The bill threatens to cause more housing scarcity, in direct contradiction of the Governor and Legislature's ambitious housing production goals referenced above.

If passed, SB 611 would trigger a wave of selloffs by smaller landlords who often have direct and personal relationships with their tenants, as compared to properties owned by larger investment funds. Another added negative effect of SB 611 is the disincentivizes the maintenance of existing properties; it effectively encourages "slum-lording"; given that maintenance costs would not be covered be adequately covered by rent adjustments. If SB 611 is passed, the State can only reasonably expect for the quality of remaining available housing to deteriorate precipitously with landlords being rendered unable to make otherwise customary and required repairs.

I understand that tenants are being squeezed right now and that tenants should have

a reasonable expectation of affordable housing, but I reiterate that SB 611 will only exacerbate the problem that it is attempting to solve.

For a preview of the effects of SB 611, one need only look at the City of Portland, which in 2019 rolled out “tenant protection” ordinances to limit rent increases. Experts who have studied this municipal ordinance note that it drastically disincentivized land-lording in Portland and only worsened the housing scarcity that the City was facing. In fact, between 2020 and 2022 (after the passage of the ordinance), Portland’s rental rate increases were some of the highest in the nation due to a shortage of available units (<https://www.koin.com/local/multnomah-county/through-the-roof-portland-rent-hike-fastest-among-nations-metro-areas/>).

Oregon needs more housing affordable housing now. SB 611 prevents that from happening and will only worsen the housing crisis.

Thank you for your consideration.

Jonathan Raz